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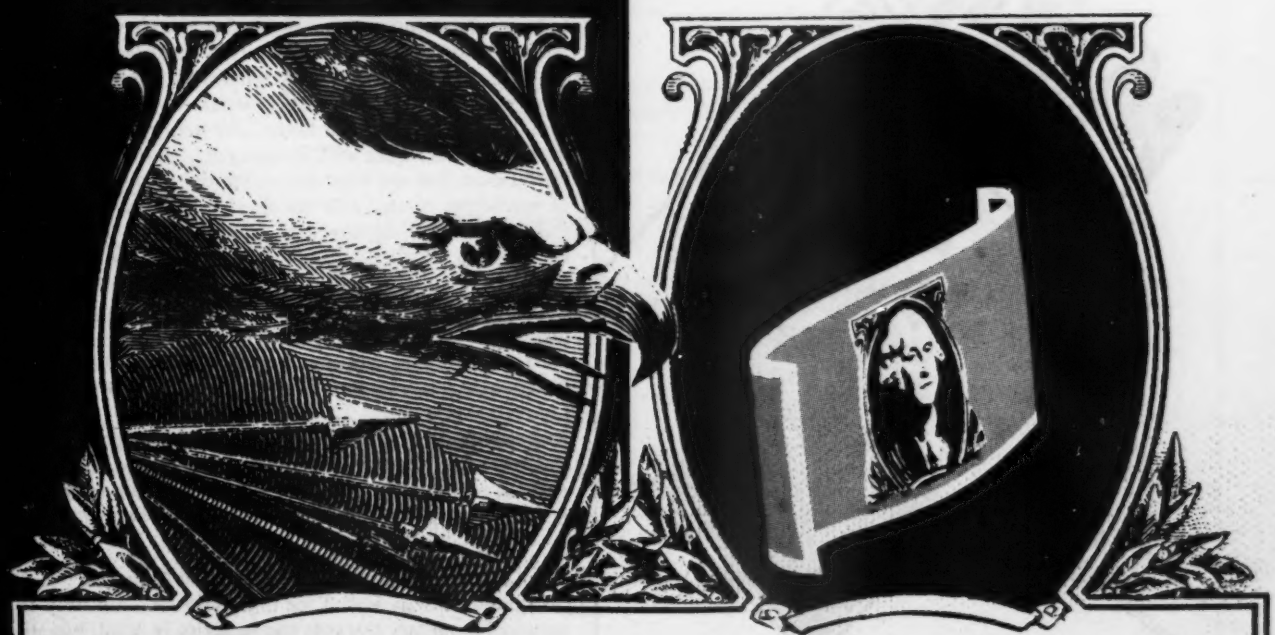

Efficiency & Cost

Defense Manpower: INCREASED EFFICIENCY AT REDUCED COST

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The Defense manpower program is not an entity unto itself. Its requirements are derived directly from our combat forces and their support needs. To the greatest extent possible, we attempt to build the manpower program on the basis of requirements established by our national security objectives and the force levels approved by the President.

The principles underlying the manpower program are several:

• The size of our manpower program—related as it is to our force levels—is determined on the basis of our perception of the threat and our strategy to deal with that threat. As the Secretary of Defense has pointed out, "We have been engaged in the rather peculiar process of reducing our Defense budget in real terms while the Soviets have been raising theirs." Detente does not give us the luxury of contracting our military strength except through explicit international agreements with the East for mutual and balanced force limitations and reductions. Indeed, unilateral reductions in U.S. forces would remove the incentive for the Soviets and Warsaw Pact countries to negotiate. Our strength must be adequate to allow us "to shape the future by our own actions rather than to let others do it for us." This requires us to strengthen our forces through more efficient use of our people and through modernization of our equipment.

• Our military strength must be measured by our forces in being. No longer can we depend on the strength of our Allies to buy us the time to expand our defense production base, to mobilize and deploy our forces, to learn the lessons of the conflict from the mistakes of others, and to turn the tide of war in our favor. The luxury of time—and the old role that went with it—are gone, perhaps forever. This means that we must maximize the combat readiness of our active forces; that we must have some of our military strength deployed in critical areas—notably Europe and Northeast Asia—as an earnest indication of our resolve and strength, and as a foundation for rapid reinforcement to counterbalance moves on the other side; that our Reserve Forces must be trained and equipped for early deployment; and that our manpower mobilization procedures must be well-conceived and well-managed.

• Our military and civilian personnel—active and reserve—fulfill an indispensable public service that must take its place alongside those who contribute to the economic and social progress of this Nation.

• Our military and civilian personnel must be adequately compensated for their services, not only in terms of monetary rewards and benefits-in-kind, but also in the guarantee of challenging work under creative leadership and equal opportunity.

The men and women of the Armed Forces can, through education, training and experience, grow in ability, productivity and self-esteem. We must improve the environment to enhance this growth and ensure that the value of our people is properly recognized. Because of their adaptability, resourcefulness and dedication, we sometimes err by not communicating properly the underlying reasons behind changes in our personnel policy. I intend to correct this.

The challenge of doing the very best we can for our people while still achieving economies in the management of manpower, recognizing our responsibility to the taxpayer in the stewardship of his contributed resources, is very great indeed—but one we are dedicated to meeting.

Department of Defense Total Manpower Program

There are several manpower programs within the Department of Defense. Some are covered by military appropriations, some are covered by other appropriations, and some are supported by non-appropriated funds. The table below shows the universe of Defense manpower and provides a total context within which to view the programs under the specific cognizance of this Committee. The "boxed" numbers represent those categories covered by specific numerical authorizations in FY 1975. I will be discussing these in detail. However, I want to emphasize that in our overall analysis of the manpower programs (e.g. combat/support trade-offs, officer grade structure) we generally use larger aggregations.

Active Force Military Manpower

The Department of Defense requests an authorized active force military strength of 2,100,000 for the end of FY 1976. This will be the smallest active duty force the Nation has maintained since the years between World War II and the Korean War. The following table shows the trend in active military strength from FY 1964 to FY 1976:

ACTIVE MILITARY STRENGTH
(End-Strengths in Thousands)

FY 76 Budget Request

	FY 64	FY 68	FY 73	FY 75	FY 76	Change FY 73 - 76	
Army	972	1,570	801	785	785	-16	-2.0%
Navy	667	765	564	536	529	-35	-6.2%
USMC	190	307	196	196	196	-	-
USAF	856	905	691	612	590	-101	-14.6%
Total	2,685	3,547	2,252	2,129[1]	2,100	-152	-6.7%

[1]Congressional Authorization was 2,149

Total Manpower Strengths
End FY 1976 Budget Plan
(000)

Appropriated Funds

	Military Functions		Civil Functions		
Military Personnel	Military Appropriations	Reserve Component Appropriations	Civil Works Appropriations	Non-Appropriated Funds	Total Manpower
Active Duty	2,100.0	.6	.4	—	2,101.0
Reserve Paid Drill	—	885.1		—	885.1
Civilian Personnel					
Direct-Hire	900.9	84.1	32.0	—	1,017.0
Indirect-Hire	95.5	—	—	—	95.5
Student Programs	22.0	—	1.7	—	23.7
Military Morale & Welfare Activities	—	—	—	300.0	300.0
Totals	3,118.4	969.8	34.1	300.0	4,422.3

The FY 1976 request of 2,100,000 is:

- 585,000 lower than FY 1964, just before the Vietnam war.
- 1.5 million lower than FY 1968, the peak of the Vietnam war.
- 152,000 (6.7 per cent) lower than FY 1973.
- 49,000 below the statutory limitation of 2,149,000 in the FY 1975 Authorization Act; and 29,000 lower than our new plan for FY 1975.

The decreases from FY 1975 to FY 1976 occur in the Navy and Air Force and are caused by force changes and support reductions.

The significant force changes from FY 1975 to FY 1976 are:

ARMY

- An increase to 16 active divisions with the Reserve Components providing a brigade for each of three new active divisions.

NAVY

- Retirement of two attack carriers, with 13 remaining.
- A decrease from 70 to 65 fighter/attack squadrons.
- A net increase of three attack submarines.

AIR FORCE

- A reduction to 30 per cent in the strategic bomber alert rate.
- An increase in fighter crew ratios from 1.1 crews per aircraft to 1.25.
- A transfer of 32 KC-135's, 4 RF-4 squadrons and 2 C-130 squadrons to the Reserve Components.
- Activation of three F-5E tactical fighter training squadrons.

The table below presents the authorization request for active duty military personnel for FY 1976, for the 3-month transition period called FY 197T, and for the new FY 1977 ending September 30, 1977.

AUTHORIZATION REQUEST
ACTIVE DUTY MILITARY PERSONNEL*
(End Strengths in Thousands)

	FY 1976 (June 30, 1976)	FY 197T (Sept. 30, 1976)	FY 1977 (Sept. 30, 1977)
Army	785.0	793.0	793.0
Navy	528.7	535.9	546.0
USMC	196.3	196.5	197.6
USAF	590.0	590.0	590.0
	2,100.0	2,115.4	2,126.7

NOTE: May not add due to rounding. *Military Functions

The increase of 15,000 in FY 197T is caused by the change to September 30 as the end-date of the fiscal period starting in FY 197T. The summer months are historically our best recruiting months. As a result, in late September the Army and Navy have more men in training than at any other time of the year and require a higher authorized end-strength on September 30 to man the same size force that they had on June 30. Because of a more uniform flow of accessions, the Marines and Air Force are able to adjust with little or no change in end-strength.

The authorization request for FY 1977 contains an additional 11,000. Most of the increase is to enable the Navy to operate new ships entering the fleet in FY 1977; to improve manning levels for other ships and air units; and to train men for new ships entering the fleet in FY 1978. Beginning in FY 1977, the Navy will, for the first time in several years, add more ships than it retires. The small increase for the Marine Corps permits higher manning levels for the Marine Divisions.

To summarize:

- The FY 197T increase is caused by the shift in fiscal year end-date.
- The FY 1977 increase improves our general purpose forces capability in the Navy and Marine Corps.

Direct Hire Civilians

The Department of Defense requests an authorized direct hire civilian strength of 985,000 for the end of FY 1976. The following table shows the trend in civilian employment from FY 1964 to FY 1976:

DIRECT HIRE CIVILIANS, MILITARY FUNCTIONS
(End Strengths in Thousands)

	FY64	FY 68	FY 73	FY 75	FY 76 Budget Request	Change FY 73 - 76
Army	360	462	333	337	334	+ 1 -
Navy/MC	332	419	322	318	322	- -
Air Force	305	331	270	266	256	-14 -5%
DOD Agencies	38	75	73	74	73	- -
Total	1,035	1,287	998	994[1]	985	-13 -1%

[1]Congressional authorization was 995.

The FY 1976 request of 985,000 is:

- 50,000 below the FY 1964 pre-Vietnam level.
- 302,000 below the FY 1968 Vietnam peak level.
- 9,400 below our new plan for FY 1975.

The FY 1976 reduction of 9,400 results from the following program changes:

DIRECT HIRE CIVILIAN CHANGE
FY 1975 to FY 1976

Increases	
Naval Shipyards	3,700
Reserve Component Technicians and Support	2,500
Army Maintenance Depots	4,800
Total	11,000
Decreases	
R&D Activities	5,600
Base Realignments	7,000
Air Force Logistics Workload	4,200
Defense Supply Agency	1,400
Other	2,200
TOTAL	20,400
Net Reduction	9,400

Thus increases of 11,000, which will improve combat readiness, are more than offset by reductions of 20,400 in overhead and support.

The table below presents the authorization request for direct hire civilians for FY 1976, for the 3-month transition period FY 197T, and for FY 1977:

AUTHORIZATION REQUEST
CIVILIANS, DIRECT-HIRE (MILITARY FUNCTIONS)
(End Strengths in Thousands)

	FY 1976 (June 30, 1976)	FY 197T (Sept. 30, 1976)	FY 1977 (Sept. 30, 1977)
Army	334.1	337.8	337.3
Navy/MC	322.1	322.9	328.5
Air Force	255.9	257.8	255.7
Defense Agencies	72.9	72.9	73.0
Total	985.0	991.4	994.5

The increase of 6,400 in FY 197T is caused by the shift in fiscal year end-date. Because the fiscal period ends on September 30, the total includes 8,200 teachers and employees of the overseas dependent education program. When the fiscal year ended on June 30 as in prior years, these employees had completed the nine-month school year and were no longer on the rolls. This 8,200 accounting increase for teachers is partially offset by reductions of 1,800 in other programs, for a net change of 6,400.

The increase of 3,100 in FY 1977 is caused by the addition of 3,800 more shipyard workers (less reductions of 700 in other programs). This follow-on increase is in addition to the increase of 3,700 requested for shipyards in FY 1976. As you know, we are very concerned about the generally poor condition of the fleet, and increased employment in Naval shipyards will assist in reducing the backlog of ships needing overhaul.

Indirect Hire Civilians

The civilian ceilings established by Congress exclude indirect hire foreign nationals. However, I wish to provide you with data on the trend in indirect hire employment because we include them in our overall manpower planning and display them in the Manpower Requirements Report submitted to Congress.

Indirect hire foreign nationals work for U.S. forces stationed abroad, but are hired and paid by foreign governments with funds provided by the Defense Department. The major nations involved are Germany and Japan. About 70 per cent of the indirect hires are funded and employed by the U.S. Army.

The table below shows the trend in indirect hire employment.

INDIRECT-HIRE CIVILIANS
(End-Strengths in Thousands)

FY 64	FY 68	FY 73	FY 75	FY 76	FY 7T	FY 77
140	119	102	98	96	96	98

The employment level of indirect hires has decreased by more than 40 per cent since FY 1964 but remains relatively stable during the period FY 1975 to FY 1977.

The total of overseas foreign national civilian hires in FY 1976 is about 140,000, counting the 96,000 indirect hires shown above and the 44,000 direct hires contained within the Direct Hire Civilian totals I described in the previous section.

Civilian Ceiling

The FY 1975 limitation established by Congress exempted four categories of civilian employment from ceiling control: civil functions; National Security Agency; special youth employment programs; and indirect hire foreign nationals. Although employment in these categories is exempt from ceilings, the number hired is controlled by Congress in the appropriations process.

Last year I testified in support of these exemptions and I still believe these categories merit exclusion from Congressional ceilings.

The exclusion of civil functions employees is desirable because these programs—primarily Army Corps of Engineers civil works—do not relate to the defense mission of DOD. Furthermore, these activities are not included in the Authorization Appropriation Bill prepared by the Armed Services Committees.

The exclusion of National Security Agency employees is essential to conform to the law regarding the protection of security information of that agency. Adding NSA employees to the ceiling would cause us to classify various routine reports which convey civilian employment statistics.

The continued exemption of employees in special youth programs is desirable to assure continuation of these programs. Including them in the ceiling would place these